



Department of Justice

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COMMERCIAL REFRIGERATION COMPANY AND EXECUTIVE PLEAD GUILTY TO PARTICIPATING IN BID-RIGGING CONSPIRACY

WASHINGTON — An Arizona commercial refrigeration company and one of its executives pleaded guilty today for their role in a conspiracy to rig bids on contracts for the installation of commercial refrigeration equipment in Safeway Inc. grocery stores in the Phoenix metropolitan area, the Department of Justice announced.

Alliance Mechanical LLC entered into a plea agreement that requires it to plead guilty to the charges in the indictment, to cooperate with the Division's investigation and to pay a \$55,000 criminal fine. That plea agreement is subject to court approval. Kendall Pope, president and co-owner of Alliance Mechanical, also pleaded guilty to the indictment. Sentencing for Alliance Mechanical and Pope is set for May 19, 2008 in U.S. District Court in Phoenix.

An indictment filed on Aug. 14, 2007, in the U.S. District Court in Phoenix, charged that Alliance Mechanical LLC and Pope participated in the conspiracy with the former manager of another commercial refrigeration company, James Govostes, as well as an unnamed corporate co-conspirator. The conspiracy began in or around January 2005 and continued until May 16, 2005.

"The Antitrust Division will prosecute those who undermine the free enterprise system by rigging bids," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

Alliance Mechanical and Pope pleaded guilty to the following actions involving commercial refrigeration installation projects at Safeway grocery stores:

- Discussed among themselves the submission of bids;
- Agreed to allocate bids among themselves according to which company had a maintenance agreement in place at a particular grocery store;
- Solicited other individuals to join and facilitate the conspiracy;
- Designated which company would submit the low bid and submitted a rigged bid; and
- Accepted payment from Safeway for work done as a result of the conspiracy.

Alliance Mechanical LLC and Pope are charged with bid rigging in violation of the Sherman Act, which carries a maximum fine of \$100 million for a corporation and a maximum fine of \$1 million and up to 10 years in prison for an individual. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime if either of those amounts is greater than the statutory maximum fine.

The charges resulted from the Antitrust Division's investigation of the commercial refrigeration industry conducted by its Chicago Field Office in conjunction with the Phoenix office of the Federal Bureau of Investigation and the U.S. Attorney's Office in Phoenix.

This is the second case to arise from this investigation. On June 27, 2007, James Govostes, a former refrigeration company manager, pleaded guilty to conspiring to restrain trade by rigging bids submitted to Safeway Inc. grocery stores in the Phoenix metropolitan area. Govostes was sentenced on Feb. 28, 2008, in U.S. District Court in Salt Lake City to pay a \$20,000 criminal fine and to serve four months of home confinement and 36 months probation.

Anyone with information concerning bid-rigging or other anticompetitive conduct in the commercial refrigeration industry should contact the Antitrust Division's Chicago Field Office at 312-353-7530 or the FBI's Phoenix office at 602-279-5511.

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